

Message Text

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INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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PASS AGRICULTURE

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TAGS: EAGR, EEC

SUBJECT: COUNCIL OF AGRICULTURAL MINISTER, SEPTEMBER 9, 1976

REF: (A) EC BRUSSELS 8794, (B) EC BRUSSELS 8414,
(C) EC A-371, (D) EC A-409, (E) EC BRUSSELS 8625

1. SUMMARY: THE COUNCIL DISCUSSED THE COMMISSION REPORT ON THE AGRICULTURAL EFFECTS OF THE DROUGHT AND THE NATIONAL AIDS GRANTED TO ALLEVIATE THESE EFFECTS. THE FAILURE OF THE COMMISSION TO CRITICIZE EXISTING NATIONAL AIDS IN REGARDED AS DEFACTO AUTHORIZATION. LARDINOIS UNSUCCESSFULLY URGED COUNCIL ACTION ON THE PROPOSED NON-MARKETING PREMIUM FOR MILK. THE ONLY DECISIONS TAKEN BY THE COUNCIL CONCERNED TARIFFS SUSPENSIONS ON VEGETABLES AND POTATOES. IN A PRESS CONFERENCE, THE COUNCIL PRESIDENT ANNOUNCED THAT THE COMPULSORY PURCHASE SCHEME WOULD BE TERMINATED WHEN 400,000 TONS ARE CONTRACTED FOR SALE. END SUMMARY.

2. PERHAPS THEIR ZEAL FOR COMING TO GRIPS WITH THE
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DROUGHT WAS DAMPENED BY THE DRIZZLING RAIN WHICH FELL

MOST OF THE DAY. IN ANY CASE, THE COUNCIL OF MINISTERS TOOK FEW DECISIONS AT THE SPECIAL SEPTEMBER 9 MEETING. NOR WAS THEIR DISCUSSION OF THE EFFECTS OF THE DROUGHT OR OF THE NATIONAL AIDS TAKEN THUS FAR TO DEAL WITH IT VERY SPIRITED. THE COMMISSION REPORT ON THE AGRICULTURAL EFFECTS OF THE DROUGHT (REPORTED REF. A) WAS BRIEFLY DISCUSSED. IN THEIR STATEMENTS TO THE PRESS, COUNCIL AND COMMISSION SPOKESMEN EMPHASIZED THE REPORT'S CONCLUSION THAT ADEUQATE FOOD SUPPLIES, WHETHER FROM DOMESTIC OR IMPORT SOURCES, WOULD BE AVAILABLE TO EC CONSUMERS IN THE COMING YEAR. THERE WAS APPARENTLY LITTLE DISCUSSION OF THE NATIONAL AIDS WHICH HAVE ALREADY BEEN PUT INTO EFFECT BY MOST MEMBER STATES TO OFFSET THE EFFECTS OF THE DROUGHT ON FARMER INCOME. IT WOULD SEEM THAT THE COMMISSION HAS ACQUIESCED IN THESE AIDS; HOWEVER, THEY HAVE INDICATED THAT THEY WILL ATTEMPT TO INSURE THAT THESE AIDS ARE NOT EXCESSIVE AND THAT THEY DO NOT DISTORT INTRA-COMMUNITY TRADE. THERE WERE REPORTEDLY NO REQUESTS FOR EC FUNDING OF NATIONAL DROUGHT AIDS ON THE PART OF THE MEMBER STATES.

3. SOMEWHAT MORE CONCERN WAS EXPRESSED OVER TRADE-RESTRICTIVE MEASURES TAKEN BY CERTAIN MEMBER STATES. IN PARTICULAR, THE SYSTEM OF CERTIFICATES ON EXPORTS OF FORAGE PRODUCTS INTRODUCED BY THE FRENCH WAS ATTACKED. FRENCH AGRICULTURAL MINISTER BONNET SAID THAT THIS SYSTEM HAD BEEN REMOVED. MEMBER STATES WERE, HOWEVER, WARNED THAT THE COMMISSION WOULD WATCH CLOSELY TO SEE THAT NO SIMILAR RESTRICTIONS WERE PLACED ON INTRA-COMMUNITY TRADE IN PRODUCTS MADE SCARCE BY THE DROUGHT. COMPLAINTS WERE ALSO REGISTERED AGAINST THE ITALIAN PRIOR DEPOSIT SYSTEM FOR IMPORTS, PARTICULARLY BY THE GERMANS. GERMAN MINISTER ERTL ASKED FOR AN ASSURANCE THAT ITALY WOULD END THIS MECHANISM ON NOVEMBER 5. THE ITALIANS DID NOT GIVE SUCH AN ASSURANCE AND STATED THAT THE SYSTEM WAS NOT AN AGRICULTURAL ISSUE, BUT RATHER A MONETARY AND ECONOMIC ONE.

4. THE ONLY CONCRETE MEASURES TAKEN BY THE COUNCIL TO ALLEVIATE THE EFFECTS OF THE DROUGHT WERE THE EXTENSION LIMITED OFFICIAL USE

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OF EXISTING TARIFF SUSPENSIONS FOR CERTAIN VEGETABLES AND THE INTRODUCTION OF TARIFF REDUCTIONS OR SUSPENSIONS ON CERTAIN PRODUCTS NOT PREVIOUSLY COVERED. THE SUSPENSION OF DUTIES ON WHITE AND RED CABBAGES, PEAS AND CARROTS WHICH WAS SCHEDULED TO END ON SEPTEMBER 30 (REF. B) HAS BEEN EXTENDED TO NOVEMBER 1, 1976. THE DUTY SUSPENSION ON CAULIFLOWER WILL, HOWEVER, END ON SEPTEMBER 30 AS SCHEDULED. BEGINNING OCTOBER 1,

A REDUCED DUTY OF 8 PERCENT WILL BE APPLIED ON RIBBED CELERY (UNTIL NOVEMBER 1). UNTIL SEPTEMBER 30, THE DUTY ON THIS PRODUCT HAS BEEN SUSPENDED. TARIFFS ON FRESH OR CHILLED GREEN BEANS AND ONIONS WILL ALSO BE REDUCED TO 8 PERCENT UNTIL NOVEMBER 1, 1976. THE DUTY SUSPENSION ON WARE POTATOES, ALSO SCHEDULED TO END ON SEPTEMBER 30, HAS BEEN EXTENDED TO DECEMBER 31; IN ADDITION, DUTIES ON SEED POTATOES (NOT PREVIOUSLY COVERED BY THE SUSPENSION) WILL BE REMOVED. THE TARIFF ON CANNED GREEN BEANS (CXT EX 20.02 G) WILL BE REDUCED FROM 24 TO 16 PERCENT UNTIL DECEMBER 31.

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5. THE COUNCIL ALSO TACITLY APPROVED THE COMMISSION'S INTENTION TO EXTEND SPECIAL MEASURES OF INTERVENTION IN THE BEEF SECTOR (CURRENTLY SCHEDULED TO END ON SEPTEMBER 15--REF. C) AND TO EXPAND THESE MEASURES TO INCLUDE OTHER REGIONS AFFECTED BY THE DROUGHT, IN PARTICULAR, DENMARK. THE COUNCIL ALSO APPROVED THE COMMISSION'S INTENTION TO EXPAND THE LIST OF REGIONS ELIGIBLE FOR SPECIAL SUBSIDIES FOR THE USE OF LIQUID SKIM MILK FOR FEED IN DROUGHT-HIT REGIONS (REF. D).

6. THE ITALIANS REQUESTED THAT LEVIES ON FEED GRAINS BE REDUCED AND EXPORT SUBSIDIES FOR GRAINS ELIMINATED AS A MEANS OF COMBATING THE HIGH FEED COSTS ASSOCIATED WITH THE DROUGHT. THEY ALSO REQUESTED THAT ADDITIONAL QUANTITIES OF GRAIN BE TRANSFERRED FROM THE INTERVENTION AGENCIES OF MEMBER STATES TO THE ITALIAN INTERVENTION AGENCY. THE ITALIAN REQUEST FOR REDUCTIONS IN IMPORT LEVIES WAS NOT WELL RECEIVED BY THE COMMISSION AND THE OTHER MEMBER STATES. HOWEVER, THE COMMISSION DID INDICATE ITS INTENTION TO PRESENT THE COUNCIL WITH A LIST OF FEED PRODUCTS FOR WHICH DUTY SUSPENSIONS WOULD LIMITED OFFICIAL USE

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CONTRIBUTE TO INCREASED COMMUNITY SUPPLIES. WE HAVE RECEIVED DIFFERING INTERPRETATIONS FROM COMMISSION MEMBERS AND PERMDELS AS TO WHAT THE COMMISSION INTENDS TO DO ON THIS POINT. MOST OF OUR SOURCES INDICATE THAT THE COMMISSION HAS IN MIND DUTY REDUCTIONS ON CERTAIN FORAGE PRODUCTS OR ON GRASS OR OTHER FORAGE SEEDS. HOWEVER, THE GERMAN PERMDEL HAS TOLD US THAT HE DOES NOT RULE OUT THE POSSIBILITY THAT THE COMMISSION MIGHT TAKE SOME SORT OF MEASURE ON GRAINS IF IN FACT THE SUPPLY SITUATION IN THE COMMUNITY BECOMES VERY TIGHT.

7. AT THE REQUEST OF THE FRENCH, THE COMMISSION IS TO UNDERTAKE A STUDY OF THE POSSIBILITY OF INTRODUCING COMMUNITY PROGRAMS FOR THE DEVELOPMENT OF EC WATER RESOURCES.

8. COMMISSIONER LARDINOIS REQUESTED SWIFT ACTION ON THE COMMISSION PROPOSAL FOR PREMIUMS FOR THE NON-MARKETING OF MILK. HE PROPOSED THAT FOR FARMERS SIGNING UP FOR THE PROGRAM BEFORE JANUARY 1, 1977, USE OF JULY 1975-JUNE 1976 AS A REFERENCE PERIOD FOR THE CALCULATION OF THE PREMIUMS BE PERMITTED. AS MILK PRODUCTION WAS QUITE HIGH DURING THIS PERIOD, ITS USE WOULD RAISE THE PREMIUMS. AS REPORTED IN REF. E, LARDINOIS WANTED TO SEPARATE THIS MEASURE FROM THE REST OF THE DAIRY PACKAGE. THE MEMBER STATES WERE NOT AGREEABLE TO THIS. ON THE ONE HAND, THE ITALIANS AND THE BRITISH, WHO ARE NOT FAVORABLY DISPOSED TOWARDS THE PREMIUM, OPPOSED IT. THE GERMANS, ON THE OTHER HAND, FEAR THAT ADOPTION OF THE NONMARKETING PREMIUM AT THIS TIME WOULD KILL THE CHANCES OF INTRODUCING A PRODUCER TAX ON MILK. AS A RESULT, THE NONMARKETING PREMIUM WAS KICKED BACK TO THE SPECIAL AGRICULTURAL COMMITTEE. IT WILL BE CONSIDERED AT THE NEXT COUNCIL MEETING ALONG WITH THE REST OF THE DAIRY PACKAGE.

9. AT THE REQUEST OF THE GERMANS, THE COUNCIL DISCUSSED THE POSSIBILITY OF REINTRODUCING A PROGRAM FOR THE SALE OF BUTTER AT REDUCED PRICES TO WELFARE RECIPIENTS. THE COMMISSION HAS PROMISED TO LOOK INTO THIS MATTER; HOWEVER, LIMITED OFFICIAL USE

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LARDINOIS INDICATED THAT HE HAD WANTED TO REVAMP THE PROGRAM, WHICH HE SAID WAS NOT VERY EFFECTIVE IN ITS PREVIOUS FORM.

10. THE SCHEDULED SEPTEMBER 20 MEETING OF THE COUNCIL OF AGRICULTURAL MINISTERS HAS BEEN CANCELLED; THE NEXT MEETING WILL BE HELD ON OCTOBER 4 AND 5 AT LUXEMBOURG. AN INFORMAL MEETING OF THE AGRICULTURAL MINISTERS WILL, HOWEVER, BE HELD IN THE NETHERLANDS ON SEPTEMBER 27 AND 28.

11. AT THE PRESS CONFERENCE FOLLOWING THE COUNCIL MEETING, THE COUNCIL PRESIDENT VAN DER STEE WAS ASKED IF THE NFDM COMPULSORY PURCHASE SCHEME WOULD BE TERMINATED ON OCTOBER 31. HE SAID THAT THE PROGRAM WOULD BE TERMINATED WHEN 400,000 TONS OF NFDM ARE DISPOSED OF, BUT THAT HE EXPECTED THAT THIS WOULD TAKE PLACE BY OCTOBER 31. HE SAID THAT AS OF THE END OF AUGUST CONTRACTS HAD BEEN CONCLUDED FOR 280,000 TONS OF NFDM UNDER THE PROGRAM, AND THAT WHEN CONTRACTS HAD BEEN CONCLUDED FOR 400,000 TONS, THE PROGRAM WOULD BE TERMINATED. COMMENT: WE BELIEVE THAT VAN DER STEE WAS SPEAKING OFF THE CUFF AND THAT NEITHER THE COUNCIL NOR THE COMMISSION HAS DECIDED EXACTLY WHAT MEASURE WILL BE USED TO DETERMINE WHEN THE GOAL OF 400,000 TONS IS FULFILLED. AS OF SEPTEMBER 3, CONTRACTS HAD BEEN CONCLUDED FOR 300,000 TONS OF NFDM UNDER THE PROGRAM WHILE 240,000 TONS HAD BEEN DELIVERED AND 200,000 TONS ACTUALLY DENATURED. AS CONTRACTS FOR THE PURCHASE OF NFDM CAN BE BROKEN WITHOUT PENALTY, CONTRACT FIGURES ARE NOT REGARDED AS VERY FIRM. HINTON

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